



PUBLIC UTILITIES COMMISSION

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TO PARTIES OF RECORD IN RULEMAKING 20-02-008:

This is the proposed decision of Commissioner Genevieve Shiroma. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's April 21, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ ANNE E SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:smt

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER SHIROMA**
(Mailed 3/21/22)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Update
the California Universal Telephone
Service (California LifeLine) Program.

Rulemaking 20-02-008

**DECISION REGARDING RENEWALS PROCESS
IMPROVEMENTS AND COMPLIANCE
WITH ASSEMBLY BILL 74**

Summary

This decision addresses staff recommendations to improve the renewals process of the California LifeLine Program and adopts improvements to comply with Assembly Bill 74 (Gonzalez, 2021).

This proceeding remains open.

1. Background

The California Public Utilities Commission (Commission) held a prehearing conference for this rulemaking on March 10, 2020. At the prehearing conference, several parties recommended authorizing a working group to recommend improvements to the renewals process of the California LifeLine Program (Program).¹

On June 5, 2020, the Commission approved Decision (D.) 20-05-043, which authorized the temporary suspension of the Program renewals process to

¹ The Program administrator reviews the eligibility of Program participants on an annual basis. This decision refers to this process as the “renewals process.”

address the COVID-19 emergency. In a series of rulings authorized by that decision, the Commission continued the suspension of the Program renewals process through March 31, 2022, coinciding with suspensions renewals in the federal Lifeline program by the Federal Communications Commission.

In the scoping memo for this proceeding, the assigned Commissioner authorized parties to form a working group to propose renewals process improvements (Renewals Working Group). As directed, the Renewals Working Group filed and served a proposal for improving the Program's renewals processes on February 5, 2021 (Renewals Working Group Proposal). The Commission's Public Advocates Office (Cal Advocates) filed opening comments on February 16, 2021 and TracFone Wireless, Inc. (TracFone) filed reply comments on February 26, 2021.

On September 23, 2021, the Commission adopted D.21-09-023. In that decision, the Commission adopted a proposal by the Renewals Working Group to verify participants' eligibility by reviewing the databases of qualifying state or federal programs.

Governor Newsom signed Assembly Bill (AB) 74 on September 30, 2021. AB 74 creates new renewals targets, process improvements and reporting requirements for the Program.

On December 15, 2021, the assigned Administrative Law Judge (ALJ) issued a ruling requesting comments on Commission staff recommendations for addressing the Renewals Working Group Proposal and complying with AB 74. Parties filed comments by January 14, 2022 and replies by January 28, 2022.

2. Issues Before the Commission

The issues before the Commission today are (a) whether to adopt the staff recommendations for addressing the Renewals Working Group Proposal, and

(b) whether to adopt the staff recommendations for complying with AB 74.

3. Staff Recommendations for Renewals Working Group Proposal

On September 23, 2021, the Commission adopted D.21-09-023. In that decision, the Commission found that the composition and process of the Renewals Working Group was consistent with the direction provided by the scoping memo.² The Commission adopted a proposal by the Renewals Working Group to verify participants' eligibility by reviewing the databases of qualifying state or federal programs.

As the Commission noted in D.21-09-023, the Renewals Working Group Proposal included the following recommendations:

- i. **Third-party database access.** Authorize the third-party administrator to check qualifying state and federal program databases to determine whether the subscriber continues to be eligible for California LifeLine.
- ii. **Improve the online renewal portal.** Modernizing this site should provide more user friendly, interactive options, which in turn will help increase successful renewals through this portal.
- iii. **Improve third-party administrator communication with subscriber.** The third-party administrator has increased the number of text messages and recorded messages to subscribers about the renewals process. The working group proposes additional improvements.
- iv. **Modify the correctable denial process.** When a subscriber receives a correctable denial, the subscriber has the opportunity to make a correction. Subscribers are currently

² The following parties participated in the Renewals Working Group: TruConnect, iWireless dba Access Wireless, Global Connections Inc. of America dba StandUp Wireless, The Utility Reform Network, Center for Accessible Technology, Cal Advocates, the Small Local Exchange Carriers, and AT&T California.

only allowed one correctable denial. The working group proposes improvements to this process.

- v. **Modify the bad address process.** The working group proposed to change the process that triggers a “bad address flag” and related “hard denial” upon receipt of hard copy mail that is deemed undeliverable and returned to the third-party administrator. The hard denial caused the participant to be removed from the Program without an opportunity to renew.

The Renewals Working Group Proposal noted that members were not able to reach consensus about the recommendations overall and did not have sufficient information about the cost, time and resources necessary to implement each recommendation. The Renewals Working Group recommended meeting with the Commission’s Communications Division staff and the third-party administrator of the Program as a next step.

The Commission adopted the first recommendation in D.21-09-023, including modifications to General Order 153 necessary to implement that recommendation, and stated its intention for its staff to continue to review the feasibility and priority of the remaining recommendations.

On December 15, 2021, the assigned ALJ issued a ruling to request comments on staff recommendations for addressing the Renewals Working Group Proposal and complying with AB 74 (Staff Recommendations). Parties filed comments by January 14, 2022 and replies by January 28, 2022.

The Staff Recommendations provide a status update on implementation of the new process authorized in D.21-09-023 and a plan to implement three of the remaining recommendations of the Renewals Working Group. The Staff Recommendations note that the last recommendation of the Renewals Working Group is moot.

1. Third-party administrator database matching for renewals

Most California LifeLine participants prove eligibility for the Program by demonstrating participation in a qualifying state or federal assistance program. In D.21-09-023, the Commission authorized the third-party Program administrator to renew participants by accessing the databases of qualifying state and federal programs. The Commission's staff is currently testing the use of the CalFresh participant database to renew California LifeLine participants. Preliminary test results indicate that around 40% of California LifeLine participants are currently participating in the CalFresh program and could be renewed on the basis of the CalFresh database. The Commission's staff recommends focusing efforts on implementing third-party database matching for renewals with Medi-Cal programs next.

2. Improve the online renewal portal

The Program's administrator made improvements to the renewal form on the Program's website, with a "mobile first" approach. The Commission's staff is discussing with the Office of Digital Innovation resources regarding a plan to enable participants to create an account on the Program's website, eliminating the need to use PIN numbers for online identification.

3. Improve program administrator communication with participants

The Program's administrator is implementing improvements to communications with participants about the renewals process. These improvements include targeted voice and text messages to participants and improving the consumer experience relating to the use of PIN numbers in the renewal process.

4. Modify the correctable denial process

A correctable denial by the Program's administrator results from failure to return the renewals form by the initial due

date or mistakes in the renewals form. The Staff Recommendations include detailed plans to improve the correctable denial process by simplifying the process for participants to correct their renewals form. However, the Commission's staff does not plan to implement three of the sub-recommendations of the Renewals Working Group on this topic: (a) allow more than one correctable denial, (b) use email to communicate correctable denial and forms, or (c) revise "black-out" dates to allow more time for renewals and identity verification. The Commission's staff do not expect that allowing more than one correctable denial or revising black-out dates would substantially improve renewal rates. The Commission's staff learned that privacy considerations prevent the use of email for communications about correctable denials in most cases because the Program's administrator cannot verify the email recipient is a Program participant.

5. Modify bad address process

The Renewals Working Group recommended changing the renewals process that triggers a "bad address flag" and "hard denial" upon receipt of hard copy mail that is deemed undeliverable and returned to the Program's administrator. The Staff Recommendations indicate that this recommendation is moot since, as of April 2019, the Program's administrator no longer creates a "hard denial" for participants with a "bad address flag." The Staff Recommendations note that the Program's administrator notifies service providers when a "bad address flag" is received.

The Joint Consumers,³ National Lifeline Association and its participating California members⁴ (NaLA), and the Small LECs⁵ commented on these

³ Center for Accessible Technology, the Greenlining Institute and The Utility Reform Network are collectively referred to as the Joint Consumers.

⁴ NaLA's participating California members include Boomerang Wireless, LLC, AmeriMex Communications Corp. d/b/a SafetyNet Wireless, American Broadband &

Footnote continued on next page.

Staff Recommendations. Cox California Telecom, LLC (Cox), the Joint Consumers, NaLA, and TracFone Wireless, Inc. (TracFone) filed reply comments.

The Joint Consumers support the Staff Recommendations and recommend that the Commission revisit whether to further improve the renewals process after the renewals process suspension ends and after the Program Assessment is released. Specifically, the Joint Consumers support the plans to enter into a data sharing agreement with Medi-Cal and create a mobile-friendly website for the Program. The Joint Consumers encourage the Commission's staff review the Employment Development Department's web portal and consider creating a similar web portal for communicating with California LifeLine participants. The Commission's staff plans to hold a workshop to discuss the renewals process after the renewals process suspension ends and after the release of the Program Assessment.

NaLA supports the staff proposal to focus efforts on implementing third-party database matching for renewals with Medi-Cal programs since over 96% of Program participants use CalFresh or Medi-Cal to demonstrate eligibility for enrollment. However, NaLA opposes the sub-recommendation to modify the correctible denial process without revising "black-out" dates to allow more time

Telecommunications Company, Global Connection Inc. of America d/b/a StandUp Wireless, and TruConnect Communications, Inc.

⁵ The Small LECs consist of Calaveras Telephone Company (U1004C), Cal-Ore Telephone Co. (U1006C), Ducor Telephone Company (U1007C), Foresthill Telephone Co. (U1009C), Happy Valley Telephone Company (U1010C), Hornitos Telephone Company (U1011C), Kerman Telephone Co. (U1012C), Pinnacles Telephone Co. (U1013C), The Ponderosa Telephone Co. (U1014C), Sierra Telephone Company, Inc. (U1016C), The Siskiyou Telephone Company (U1017C), Volcano Telephone Company (U1019C), and Winterhaven Telephone Company (U1021C).

for renewals and identity verification. NaLA asserts that blackout dates should be revised immediately.

The Joint Consumers replied that NaLA did not provide justification for disregarding the Commission's staff assessment that there is insufficient data indicating that revising black-out dates would substantially improve renewal rates. The Joint Consumers recommend revisiting this issue after the renewals process suspension ends and more data is available. In reply, TracFone also supported considering further improvements to the renewals process following the lifting of the renewals process suspension.

TracFone also supported prioritizing Medi-Cal database matching in reply comments and requested a timeline for connecting with the Medi-Cal database to assist Program providers with changes to enrollment and customer communications systems. The Commission cannot independently establish a timeline for federal or state agencies to enter into an agreement with the Commission to enable renewals through Medi-Cal database matching. However, the Commission's staff plan to notify the service list of this proceeding of expected timing for implementation once the Commission has entered into an agreement to enable Medi-Cal database matching.

The Small LECs argued that the Commission should hold a workshop prior to implementation of database matching renewals. The Small LECs seek for Program providers to have the opportunity to shape the implementation of the new renewals processes prior to implementation. The Joint Consumers strongly opposed slowing down the implementation of database matching renewals. The Joint Consumers assert that the Program should optimize the data sharing renewal process before COVID renewal suspension lifts since all Program participants will need to undergo the renewals process once the suspension lifts.

The Commission previously authorized database matching renewals in D.21-09-023 and did not require the Commission's staff to hold a workshop prior to implementation. Consistent with that decision, we will not require a workshop prior to implementation of D.21-09-023.

4. Staff Recommendations on AB 74 Compliance

AB 74 added Section 878.6 to the Public Utilities Code, which provides as follows.

- (1) Before March 1, 2022, the commission shall, as part of an existing proceeding, adopt updated rules for the lifeline program establishing a modified recertification process that minimizes barriers to lifeline subscriber recertification and reduces the burden and cost of recertification on the lifeline program.
- (2) The updated rules adopted pursuant to paragraph (1) shall do all of the following:
 - (A) Enable a lifeline subscriber to enroll in the lifeline program directly online using an electronic signature.
 - (B) Enable a lifeline subscriber to complete the annual recertification of lifeline eligibility process directly online using an electronic signature, or by telephone using a telephonic signature. The lifeline program's third-party administrator shall verify the lifeline subscriber's identity using the personally identifiable information that the administrator has on file. The commission shall not require a lifeline subscriber to use a commission-issued personal identification number (PIN) for identity verification.
 - (C) Provide an option for lifeline subscribers to receive communications regarding their lifeline subscription in an electronic format, including, but not limited to, email and short message service.
- (b) Before January 1, 2023, the commission shall, as part of an existing proceeding and in consultation with lifeline service providers, the Federal Communications

Commission, and the Universal Service Administrative Company, adopt updated rules for the lifeline program with the goal of achieving recertification rates at least equivalent to those rates achieved by the Universal Services Administrative Company as the administrator for the federal lifeline program.

- (c) The commission shall annually publicly report on its internet website the participation and recertification rates of eligible lifeline subscribers.

The Staff Recommendations included the following analysis of the requirements of AB 74.

- **Sections 878.6(a)(1) and Section 878.6(b):** The Commission's staff recommends focusing efforts on (1) implementing third-party database matching for renewals initially with CalFresh and Medi-Cal programs, and later with other qualifying program databases to facilitate recertifications, and (2) based on the qualifying database matching results, update rules for the Program where appropriate, with the goal of achieving recertification rates at least equivalent to those rates achieved by the Universal Service Administrative Company. Program database matching is expected to generate program costs savings by reducing operational costs of printing and mailing renewal reminder postcards, renewal forms and from reduced call center activity responding to calls and sending text messages.
- **Sections 878.6(a)(2)(A):** The current Program enrollment and recertification process enables a subscriber to enroll in the Program directly on-line or by telephone using an electronic or telephonic signature.
- **Section 878.6(a)(2)(B):** The Program's administrator will be able to eliminate the use of a personal identification number (PIN) for all renewals completed through database matching and for all participants with personal identification information on file. For applicants without a database match or personal identification information, the

Program's administrator will implement a solution that does not require a Commission-issued PIN.

- **Section 878.6(a)(2)(C):** Program participants are currently able to receive Program and enrollment information in electronic format.
- **Section 878.6(c):** The information required by AB 74 is currently available and reported on the Commission's public website for the Program.

The Joint Consumers and NaLA commented on these Staff Recommendations. The Joint Consumers assert that the Commission need not take any further action to implement AB 74 mandates. The Joint Consumers assert that the directives in AB 74 incorporate many of the Renewal Working Group proposals. The Consumers conclude that the Staff Recommendations fully comply with all of the requirements of AB 74.

The Joint Consumers additionally recommend adjusting the Commission's reporting on California LifeLine renewal rates. Specifically, the Joint Consumers recommend reporting separately on renewal rates under federal eligibility and California-only eligibility. They expect lower renewal rates under California-only eligibility, where there may be no databases to query, and assert that failing to distinguish between state-only and federal criteria risks creating a false impression of the California LifeLine renewal efforts. The Commission concludes that this recommendation is reasonable and should be adopted.

NaLA argues that the Staff Recommendations do not comply with AB 74 on the issue of recertifications without a Commission-issued PIN. NaLA argues that Section 878.6(a) requires the Commission to remove the use of Commission-issued PINs for renewals by March 1, 2022. This is not correct. Section 878.6(a) requires the Commission to *adopt*, not implement, updated rules that include recertification without a Commission-issued PIN by March 1, 2022.

The Commission concludes that it is reasonable for the Commission's staff to (a) eliminate the use of a PIN for all renewals completed through database matching and for all participants with personal identification information on file as of the date the renewals suspension concludes, and (b) implement recertification without a Commission-issued PIN for participants without a database match or personal identification information on file by December 31, 2023.

The Commission finds that the Staff Recommendations as modified by this decision comply with all of the requirements of AB 74 and Section 878.6. The Staff Recommendations as modified by this decision should be adopted.

5. Comments on Proposed Decision

The proposed decision of Commissioner Genevieve Shiroma in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

6. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Stephanie S. Wang is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Section 878.6(a) requires the Commission to adopt, not implement, updated rules that include recertification without a Commission-issued PIN by March 1, 2022.

2. The Staff Recommendations as modified by this decision comply with all of the requirements of AB 74 and Section 878.6 of the Public Utilities Code.

Conclusions of Law

1. The Commission should adopt the Staff Recommendations regarding the Renewals Working Group Proposal.
2. The Commission's staff should report separately on California LifeLine renewal rates under federal eligibility and California-only eligibility.
3. It is reasonable for the Commission's staff to (a) eliminate the use of a PIN for all renewals completed through database matching and for all participants with personal identification information on file as of the date the renewals suspension concludes, and (b) implement recertification without a Commission-issued PIN for participants without a database match or personal identification information on file by December 31, 2023.
4. The Commission should adopt the Staff Recommendations regarding AB 74 compliance as modified by this decision.

O R D E R**IT IS ORDERED** that:

1. The Commission's staff recommendations for addressing the California LifeLine Renewals Working Group Proposal and complying with Assembly Bill 74 (Gonzalez, 2021) and Section 878.6 of the Public Utilities Code are adopted as modified by this decision.
2. Rulemaking 20-02-008 remains open.

This order is effective today.

Dated _____, at San Francisco, California